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February 1, 2001

Ms. Magalie Roman Salas  
Secretary  
Federal Communications Commission  
445 12<sup>th</sup> St., SW, Room TWB-204  
Washington, DC 20554

Re: Notice of Ex Parte Meeting:

In the Matter of Application by Verizon New England, Inc. Bell Atlantic  
Communications, NYNEX Long Distance Company, and Verizon Global  
Networks to Provide In-Region InterLATA Services in Massachusetts, CC  
Docket No. 01-9

Comments Requested On The Application By SBC Communications, Inc.  
For Authorization Under Section 271 Of The Communications Act To Provide  
In-Region, InterLATA Service In The States Of Kansas And Oklahoma, CC  
Docket No. 00-217

Dear Ms. Salas:

On Wednesday January 31, 2001, Joel Lubin, Michael Lieberman, Richard Clarke and I met with Glenn Reynolds, Deputy Chief of the Common Carrier Bureau, Jack Zinman, Counsel for the Bureau Chief, Jnae Jackson, Chief of the Bureau's Competitive Pricing Division, Rich Lerner, Deputy Chief of the Competitive Pricing Division, and Richard Kwiatkowski of the Bureau's Competitive Pricing Division to discuss issues raised in the aforementioned dockets. Specifically, we stated that the Commission should deny the Verizon applications in Massachusetts on pricing grounds.

1-2001-01-9  
CODE 014

The attached charts were distributed and used during the discussion. Two copies of this Notice are being submitted for each of the referenced proceedings in accordance with the Commission's rules.

Sincerely,

*Robert Zinman / PKA*

**Attachments**

cc: Glenn Reynolds  
Jack Zinman  
Jane Jackson  
Richard Lerner  
Richard Kwiatkowski

## Rate Comparison Tables

<i>Default USF SynMod Calculated at State Input Volumes</i>	Loop	Port	EO Switch Usage	Signaling	Transport	Tandem Switching	Platform
Southwestern Bell-Kansas	\$20.61	\$0.87	\$0.001318	\$0.000498	\$0.001440	\$0.001390	\$24.37
New England Tel-Ma	\$18.97	\$0.80	\$0.001302	\$0.000164	\$0.000310	\$0.000407	\$19.83
New York Tel	\$15.65	\$0.81	\$0.001237	\$0.000235	\$0.000346	\$0.000460	\$18.54
Southwestern Bell-Oklahoma	\$21.92	\$0.84	\$0.001217	\$0.000428	\$0.001542	\$0.000630	\$25.60
Southwestern Bell-Texas	\$18.08	\$0.80	\$0.001065	\$0.000307	\$0.000637	\$0.000758	\$21.16

<i>Expense-Adjusted UNE SynMod Calculated at State Input Volumes</i>	Loop	Port	EO Switch Usage	Signaling	Transport	Tandem Switching	Platform
Southwestern Bell-Kansas	\$15.17	\$1.00	\$0.001501	\$0.000569	\$0.001775	\$0.001568	\$19.52
New England Tel-Ma	\$11.72	\$0.97	\$0.001573	\$0.000198	\$0.000397	\$0.000490	\$15.18
New York Tel	\$10.39	\$0.96	\$0.001473	\$0.000281	\$0.000432	\$0.000544	\$13.84
Southwestern Bell-Oklahoma	\$16.63	\$0.96	\$0.001390	\$0.000491	\$0.001963	\$0.000716	\$20.94
Southwestern Bell-Texas	\$12.82	\$0.94	\$0.001258	\$0.000364	\$0.000792	\$0.000886	\$16.48

## Rate Comparison Tables

<i>Expense-Adjusted UNE SynMod Calculated at Standard Input Volumes</i>	Loop	Port	Local Switch + Trans + Sig Usage	Access/Toll Switch + Trans + Sig Usage	Platform
Southwestern Bell-Kansas	\$15.17	\$1.00	\$4.17	\$0.92	\$21.26
New England Tel-Ma	\$11.72	\$0.97	\$3.29	\$0.81	\$16.79
New York Tel	\$10.67	\$0.98	\$3.67	\$0.78	\$16.09
Southwestern Bell-Oklaoma	\$16.63	\$0.96	\$4.16	\$0.87	\$22.63
Southwestern Bell-Texas	\$12.82	\$0.94	\$3.04	\$0.75	\$17.55

### *Expense+Error-Adjusted UNE SynMod Calculated at Standard Input Volumes*

Southwestern Bell-Kansas	\$14.11	\$1.00	\$4.17	\$0.92	\$20.20
New England Tel-Ma	\$10.88	\$0.97	\$3.29	\$0.81	\$15.95
New York Tel	\$9.86	\$0.98	\$3.67	\$0.78	\$15.28
Southwestern Bell-Oklaoma	\$15.50	\$0.96	\$4.16	\$0.87	\$21.50
Southwestern Bell-Texas	\$11.94	\$0.94	\$3.04	\$0.75	\$16.67

Approximate effect from additionally  
adjusting the Feaddist module of the  
SynMod to correct the calculational errors

### *Expense+Error+Data-Adjusted UNE SynMod Calculated at Standard Input Volumes*

Southwestern Bell-Kansas	\$11.98	\$1.00	\$4.17	\$0.92	\$18.07
New England Tel-Ma	\$9.20	\$0.97	\$3.29	\$0.81	\$14.27
New York Tel	\$8.25	\$0.98	\$3.67	\$0.78	\$13.67
Southwestern Bell-Oklaoma	\$13.24	\$0.96	\$4.16	\$0.87	\$19.24
Southwestern Bell-Texas	\$10.18	\$0.94	\$3.04	\$0.75	\$14.92

Approximate effect from additionally  
adjusting the location data inputs to the  
SynMod to reflect better actual locations  
Ex Parte

## Rate Comparison Tables

<i><b>Tariffed UNE Rates Calculated at Standard Input Volumes</b></i>	<b>Loop</b>	<b>Port</b>	<b>Local</b>	<b>Access/Toll</b>	<b>Platform</b>	<b>Pct Diff vs.</b>	<b>Pct Diff vs.</b>	<b>Pct Diff vs.</b>
			<b>Switch + Trans + Sig Usage</b>	<b>Switch + Trans + Sig Usage</b>		<b>Exp Adj-SynMod</b>	<b>Exp/Err Adj-SynMod</b>	<b>Exp/Err/Dat Adj-SynMod</b>
Southwestern Bell-Kansas	\$13.78	\$1.61	\$3.00	\$0.73	\$19.12	-10%	-5%	6%
New England Tel-Ma	\$15.14	\$2.00	\$9.59	\$2.72	\$29.45	75%	85%	106%
New York Tel	\$14.41	\$2.50	\$10.30	\$2.66	\$29.87	86%	95%	118%
Southwestern Bell-Okiahoma	\$15.87	\$2.28	\$4.55	\$1.10	\$23.80	5%	11%	24%
Southwestern Bell-Texas	\$15.37	\$2.90	\$3.56	\$0.88	\$22.70	29%	36%	52%

## Development of UNE Expenses for the Synthesis Model

<b>Start:</b>	USF expenses embedded in calculated SynMod basic local service cost	<b>\$ 7.78</b>
<b>Apply:</b>	Factor representing miscellaneous gross-ups included in the above expenses	<b>6.29%</b>
<b>Yields:</b>	USF expenses embedded in calculated SynMod basic local service cost before miscellaneous gross-ups	<b>\$ 7.32</b>
	- Flat number assumed equal for all customer lines and embedded in NID "cost"	
	- Includes only local service common support and retail expense costs	
<b>Add:</b>	Expense costs associated with the provision of access and toll services in addition to local	<b>\$ 0.63</b>
	- Source is regression calculations done by APD and reported Appendix D of Input Values Order	
	- Also calculated on a flat per-line basis	
<b>Subtract:</b>	Retail service expenses embedded in above	<b>\$ (3.77)</b>
	- Includes Marketing, Service expense and Customer operations	
	- Source is regression calculations done by APD and reported Appendix D of Input Values Order	
<b>Subtract:</b>	G & A costs associated with excluded retail service expenses	<b>\$ (0.40)</b>
	- Includes Marketing, Service expense and Customer operations	
	- Source is regression calculations done by APD and reported Appendix D of Input Values Order	
	<b>Subtotal</b>	<b>\$ 3.78</b>
<b>Apply:</b>	Factor representing three years of productivity improvement (1998-2001) net of inflation	<b>-13.71%</b>
	- Assumed productivity factor is 6.5% per year (CC Dkt. 96-262)	
	- Assumed inflation rate is 1.8% per year (most recent three year history)	
	<b>Subtotal</b>	<b>\$ 3.26</b>
<b>Apply:</b>	Factor representing miscellaneous gross-ups	<b>6.29%</b>
<b>Yields:</b>	<b>Total expenses in UNE SynMod</b>	<b>\$ 3.47</b>
	<b>Expense difference from the USF SynMod</b>	<b>\$ (4.31)</b>





## Absolute and Relative Rate Comparisons

<i>Expense-Adjusted UNE SynMod</i> <i>(Calculated at Standard Input Volumes)</i>	Loop	Port	Local/Access/Toll Switch + Trans + Signaling Usage	Platform
Southwestern Bell-Kansas	\$15.17	\$1.00	\$5.09	\$21.26
New England Tel-Ma	\$11.72	\$0.97	\$4.10	\$16.79
New York Tel	\$10.67	\$0.98	\$4.45	\$16.09
Southwestern Bell-Oklahoma	\$16.63	\$0.96	\$5.04	\$22.63
Southwestern Bell-Texas	\$12.82	\$0.94	\$3.79	\$17.55

<i>Tariffed UNE Rates</i> <i>(Calculated at Standard Input Volumes)</i>	Loop	Port	Local/Access/Toll Switch + Trans + Signaling Usage	Platform	Platform Pct Diff vs. SynMod	Non-Loop Pct Diff vs. SynMod	Loop Pct Diff vs. SynMod
Southwestern Bell-Kansas	\$13.78	\$1.61	\$3.73	\$19.12	-10%	-12%	-9%
New England Tel-Ma	\$15.14	\$2.00	\$12.31	\$29.45	75%	182%	29%
New York Tel	\$14.41	\$2.50	\$12.96	\$29.87	86%	185%	35%
Southwestern Bell-Oklahoma	\$15.87	\$2.28	\$5.65	\$23.80	5%	32%	-5%
Southwestern Bell-Texas	\$15.37	\$2.90	\$4.44	\$22.70	29%	55%	20%

<i>Percent by which VZ-MA SynMod UNE costs exceed the</i> <i>SynMod UNE costs in other states</i> <i>(Calculated at Standard Input Volumes)</i>	Loop	Port	Local/Access/Toll Switch + Trans + Signaling Usage	Platform	Total Non-Loop
Southwestern Bell-Kansas	-23%	-3%	-19%	-21%	-17%
New York Tel	10%	-1%	-8%	4%	-6%
Southwestern Bell-Oklahoma	-30%	0%	-19%	-26%	-16%
Southwestern Bell-Texas	-9%	3%	8%	-4%	7%

<i>Percent by which VZ-MA tariffed UNE rates exceed the</i> <i>allegedly TELRIC UNE rates in other states</i> <i>(Calculated at Standard Input Volumes)</i>	Loop	Port	Local/Access/Toll Switch + Trans + Signaling Usage	Platform	Total Non-Loop
Southwestern Bell-Kansas	10%	24%	230%	54%	168%
New York Tel	5%	-20%	-5%	-1%	-7%
Southwestern Bell-Oklahoma	-5%	-12%	118%	24%	80%
Southwestern Bell-Texas	-1%	-31%	177%	30%	95%

<i>Implied difference of VZ-MA from TELRIC as</i> <i>benchmarked by other states' "TELRIC" rates</i> <i>(Calculated at Standard Input Volumes)</i>	Loop	Port	Local/Access/Toll Switch + Trans + Signaling Usage	Platform	Total Non-Loop
Southwestern Bell-Kansas	42%	28%	310%	95%	222%
New York Tel	-4%	-19%	3%	-6%	-1%
Southwestern Bell-Oklahoma	35%	-13%	168%	67%	114%
Southwestern Bell-Texas	8%	-33%	156%	36%	82%